

REQUEST FOR PROPOSALS #37-11

MUNICIPAL SOLID WASTE MANAGEMENT SERVICES

Review of Financial Offerings
August 16, 2011

City of Greensboro

Presentation Overview

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- Overview of Solicitation and Implementation Schedule
- Summary of Proposals Received
- Basics of the Financial Model
- Financial Model Results
- Questions

Overview of Solicitation

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- Basic Services – Phase III MSW Operations
 - ▣ Services include directing trucks, compacting and covering waste, seeding and maintaining the Phase III MSW area
 - ▣ Services were solicited for a range of tonnage rates
 - ▣ Services are limited to use of the currently permitted Phase III area (approximately 1.5 million cubic yards of remaining capacity; enough to dispose of about 1 million tons of MSW)
- Additional Services – Phase II C&D Operations
 - ▣ Same services as described above
- City Staff will continue to be responsible for:
 - ▣ Operating of the scale house, setting tipping fees, managing revenue, maintaining and operating the gas and leachate systems, supplying soil for intermediate cover, implementing final closure, and operating the yard waste area

Implementation Schedule

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Issuance of RFP	July 20, 2011
Contractors Deadline to Submit Questions	July 25, 2011
City Issuance of Written Response to Questions	August 1, 2011
Proposal Submission Deadline	August 5, 2011
Preliminary Report to Council	August 12, 2011
Advertise for Public Hearing	August 16, 2011
Council Meeting to Select Vendor	August 16, 2011
First Reading and Public Hearing	September 20, 2011
Contract Negotiations Completed	September 27, 2011
Second Reading and Contract Award	October 4, 2011
Contract Initiation	October 18, 2011

Proposal Summary

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- Proposals were received on August 5, 2011 from:
 - ▣ A-1 Sandrock Inc.
 - ▣ Advanced Disposal Services Carolinas, LLC
 - ▣ Gate City Waste Services, LLC
 - ▣ Santek Environmental, Inc.
 - ▣ Triangle Grading & Paving, Inc.
 - ▣ Waste Industries USA, Inc.

Proposal Summary

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Company	Index Proposed		Service Fee from Price Form 1 (Cost per Ton)							
			Monthly MSW Tonnage Rate				Monthly C&D Tonnage Rate			
	Description	Value	5,000 to 10,000	10,001 to 15,000	15,001 to 20,000	20,001 +	1,000 to 4,000	4,001 to 8,000	8,001 to 12,000	12,001 +
A-1 Sandrock	None Proposed	0.00%	\$20.00	\$20.00	\$18.00	\$18.00	\$15.00	\$15.00	\$15.00	\$15.00
Advanced Disposal	100% of CPI-U	2.34%	\$15.72	\$11.35	\$7.63	\$7.25	\$11.78	\$11.78	\$11.78	\$11.78
Gate City Waste Services	None Proposed	0.00%	\$13.67	\$13.67	\$13.67	\$13.67	\$13.67	\$13.67	\$13.67	\$13.67
Santek Environmental	100% of CPI-U	2.34%	\$17.97	\$13.75	\$12.25	\$11.25	\$13.75	\$13.75	\$12.25	\$11.25
Triangle Grading & Paving	100% of CPI-U South	2.37%	\$22.50	\$21.08	\$17.50	\$15.50	\$19.00	\$18.50	\$17.75	\$17.25
Waste Industries	75% of CPI-U/WST	3.80%	\$15.45	\$12.36	\$9.61	\$9.29	\$12.39	\$10.82	\$8.50	\$8.22

Section 1 - Tonnage Rates Modeled

Waste Stream	January	February	March	April	May	June	July	August	September	October	November	December	Total
All-MSW ¹	18,518	17,918	21,295	20,042	20,408	21,436	21,038	20,460	20,307	20,457	18,834	20,220	240,932
City Collected -MSW ²	10,760	10,412	12,374	11,646	11,858	12,456	12,225	11,889	11,800	11,887	10,944	11,750	140,000
All-C&D ³	2,748	2,987	3,606	4,677	4,567	4,523	7,999	5,681	5,557	5,374	3,685	2,912	54,315

Section 2 - MSW and C&D Landfill Capacity Data

MSW Tonnage Rate	MSW				C&D			
	Density (lbs/cy) ⁴	Remaining Phase III CY ⁵	Phase III Tonnage Capacity ⁶	Phase III Life (years) ⁷	Density (lbs/cy) ⁸	Remaining Phase II CY ⁹	Phase II Tonnage Capacity ¹⁰	Tons of C&D Disposed During Life of Phase III ¹¹
All-MSW	1,400	1,513,600	1,059,520	4.41	1,400	1,071,036	749,726	233,029
City Collected-MSW	1,400	1,513,600	1,059,520	7.58	1,400	1,071,036	749,726	405,299

Section 3 - Summary of Prices from Proposals

Company	Index Proposed		Service Fee from Price Form 1 (Cost per Ton)							
			Monthly MSW Tonnage Rate				Monthly C&D Tonnage Rate			
	Description ¹²	Value ¹³	5,000 to	10,001 to	15,001 to	20,001 +	1,000 to	4,001 to	8,001 to	12,001 +
			10,000	15,000	20,000		4,000	8,000	12,000	
A-1 Sandrock	None Proposed	0.00%	\$ 20.00	\$ 20.00	\$ 18.00	\$ 18.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00
Advanced Disposal	100% of CPI-U	2.34%	\$ 15.72	\$ 11.35	\$ 7.63	\$ 7.25	\$ 11.78	\$ 11.78	\$ 11.78	\$ 11.78
Gate City Waste Services	None Proposed	0.00%	\$ 13.67	\$ 13.67	\$ 13.67	\$ 13.67	\$ 13.67	\$ 13.67	\$ 13.67	\$ 13.67
Santek Environmental	100% of CPI-U	2.34%	\$ 17.97	\$ 13.75	\$ 12.25	\$ 11.25	\$ 13.75	\$ 13.75	\$ 12.25	\$ 11.25
Triangle Grading & Paving	100% of CPI-U South	2.37%	\$ 22.50	\$ 21.08	\$ 17.50	\$ 15.50	\$ 19.00	\$ 18.50	\$ 17.75	\$ 17.25
Waste Industries	75% of CPI-U ¹⁴	3.80%	\$ 15.45	\$ 12.36	\$ 9.61	\$ 9.29	\$ 12.39	\$ 10.82	\$ 8.50	\$ 8.22

Section 4 - Cost Analysis¹⁵

Scenario A: All-MSW, All-C&D (Status Quo Tonnage)

Company	All-MSW and All-C&D										Annual Cost of Disposal Services		
	Phase III Life Expectancy = 4.41 years (1,059,520 tons of MSW disposed, 233,029 tons of C&D disposed)										Current Net Cost of Disposal ¹⁹ (per year)	Contracted Net Cost of Disposal ²⁰ (per year)	Net Disposal Cost Savings ²¹ (per year)
	MSW			C&D			Grand Total - MSW and C&D			Rank ¹⁸			
	Total Cost ¹⁶	Average Cost/Year	Average Cost/Ton ¹⁷	Total Cost	Average Cost/Year	Average Cost/Ton	Total Cost	Average Cost/Year	Average Cost/Ton				
A-1 Sandrock	\$ 19,071,360	\$ 4,321,225	\$ 18.00	\$ 3,495,438	\$ 792,003	\$ 15.00	\$ 22,566,798	\$ 5,113,228	\$ 17.46	6	\$ 4,709,763	\$ 2,073,852	\$ 2,635,911
Advanced Disposal	\$ 8,165,535	\$ 1,850,162	\$ 7.71	\$ 2,882,343	\$ 653,087	\$ 12.37	\$ 11,047,878	\$ 2,503,249	\$ 8.55	1	\$ 4,709,763	\$ (548,187)	\$ 5,257,950
Gate City Waste Services	\$ 14,483,638	\$ 3,281,730	\$ 13.67	\$ 3,185,509	\$ 721,779	\$ 13.67	\$ 17,669,147	\$ 4,003,509	\$ 13.67	4	\$ 4,709,763	\$ 958,377	\$ 3,751,386
Santek Environmental	\$ 12,789,485	\$ 2,897,866	\$ 12.07	\$ 3,364,365	\$ 762,304	\$ 14.44	\$ 16,153,850	\$ 3,660,170	\$ 12.50	3	\$ 4,709,763	\$ 614,709	\$ 4,095,054
Triangle Grading & Paving	\$ 17,814,284	\$ 4,036,394	\$ 16.81	\$ 4,571,691	\$ 1,035,862	\$ 19.62	\$ 22,385,975	\$ 5,072,256	\$ 17.32	5	\$ 4,709,763	\$ 2,038,078	\$ 2,671,685
Waste Industries	\$ 10,727,610	\$ 2,430,682	\$ 10.12	\$ 2,863,704	\$ 648,864	\$ 12.29	\$ 13,591,315	\$ 3,079,546	\$ 10.52	2	\$ 4,709,763	\$ 28,114	\$ 4,681,649

Scenario B: City Collected-MSW only, All-C&D

Company	City Collected-MSW and All-C&D										Annual Cost of Disposal Services		
	Phase III Life Expectancy = 7.58 years (1,059,520 tons of MSW disposed, 405,299 tons of C&D disposed)										Current Net Cost of Disposal (per year)	Contracted Net Cost of Disposal (per year)	Net Dispos al Cost Savings (per year)
	MSW			C&D			Grand Total - MSW and C&D			Rank			
	Total Cost	Average Cost/Year	Average Cost/Ton	Total Cost	Average Cost/Year	Average Cost/Ton	Total Cost	Average Cost/Year	Average Cost/Ton				
A-1 Sandrock	\$ 21,190,400	\$ 2,796,168	\$ 20.00	\$ 6,079,492	\$ 802,216	\$ 15.00	\$ 27,269,892	\$ 3,598,384	\$ 18.62	5	\$ 4,709,763	\$ 2,590,413	\$ 2,119,350
Advanced Disposal	\$ 13,090,808	\$ 1,727,391	\$ 12.36	\$ 5,204,007	\$ 686,692	\$ 12.84	\$ 18,294,815	\$ 2,414,083	\$ 12.49	1	\$ 4,709,763	\$ 1,403,492	\$ 3,306,271
Gate City Waste Services	\$ 14,483,638	\$ 1,911,181	\$ 13.67	\$ 5,540,444	\$ 731,086	\$ 13.67	\$ 20,024,082	\$ 2,642,267	\$ 13.67	2	\$ 4,709,763	\$ 1,631,974	\$ 3,077,789
Santek Environmental	\$ 15,858,908	\$ 2,092,654	\$ 14.97	\$ 6,074,287	\$ 801,529	\$ 14.99	\$ 21,933,195	\$ 2,894,183	\$ 14.97	4	\$ 4,709,763	\$ 1,885,670	\$ 2,824,093
Triangle Grading & Paving	\$ 24,345,131	\$ 3,212,449	\$ 22.98	\$ 8,252,892	\$ 1,089,006	\$ 20.36	\$ 32,598,023	\$ 4,301,455	\$ 22.25	6	\$ 4,709,763	\$ 3,298,741	\$ 1,411,022
Waste Industries	\$ 15,036,227	\$ 1,984,098	\$ 14.19	\$ 5,274,320	\$ 695,970	\$ 13.01	\$ 20,310,547	\$ 2,680,068	\$ 13.87	3	\$ 4,709,763	\$ 1,668,926	\$ 3,040,837

Model Basics

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- Two scenarios were modeled:
 - ▣ Scenario A – All-MSW plus All-C&D
 - ▣ Scenario B – City Collected-MSW plus All-C&D
- Tonnages estimated:
 - ▣ Monthly tonnage over the last 3 years was averaged
 - ▣ All-MSW: ~20,000 tons per month or 240,000 tons per year
 - ▣ City Collected-MSW: ~11,600 tons per month or 140,000 tons per year
 - ▣ All-C&D: ~4,500 tons per month or 54,000 tons per year
- Waste Placement Densities:
 - ▣ RFP requires 1,400 lbs/cy MSW density
 - ▣ Estimated remaining life of Phase III based on tonnage rates, density & volume remaining: Scenario A = 4.41 years, Scenario B = 7.58 years

Model Basics Continued . . .

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- MSW landfill will run out of space before C&D landfill
- Cost escalators were specified by proposers
- When an escalator was specified, the last 10 years of growth were averaged for the annual increase
- “Grand Total – MSW and C&D” represents total cost to operate both MSW & C&D landfills until the MSW landfill closes (4.41 or 7.58 years)
- Rankings are based on Grand Total Cost
- Model represents a “snapshot” to compare financial offers and changes in assumptions can change model output
- “Annual Cost of Disposal Services” represents the estimated annual net disposal cost savings to the City over the life of Phase III

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Model Results

Section 1 - Tonnage Rates Modeled

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Scenario A: All-MSW, All-C&D (Status Quo Tonnage)

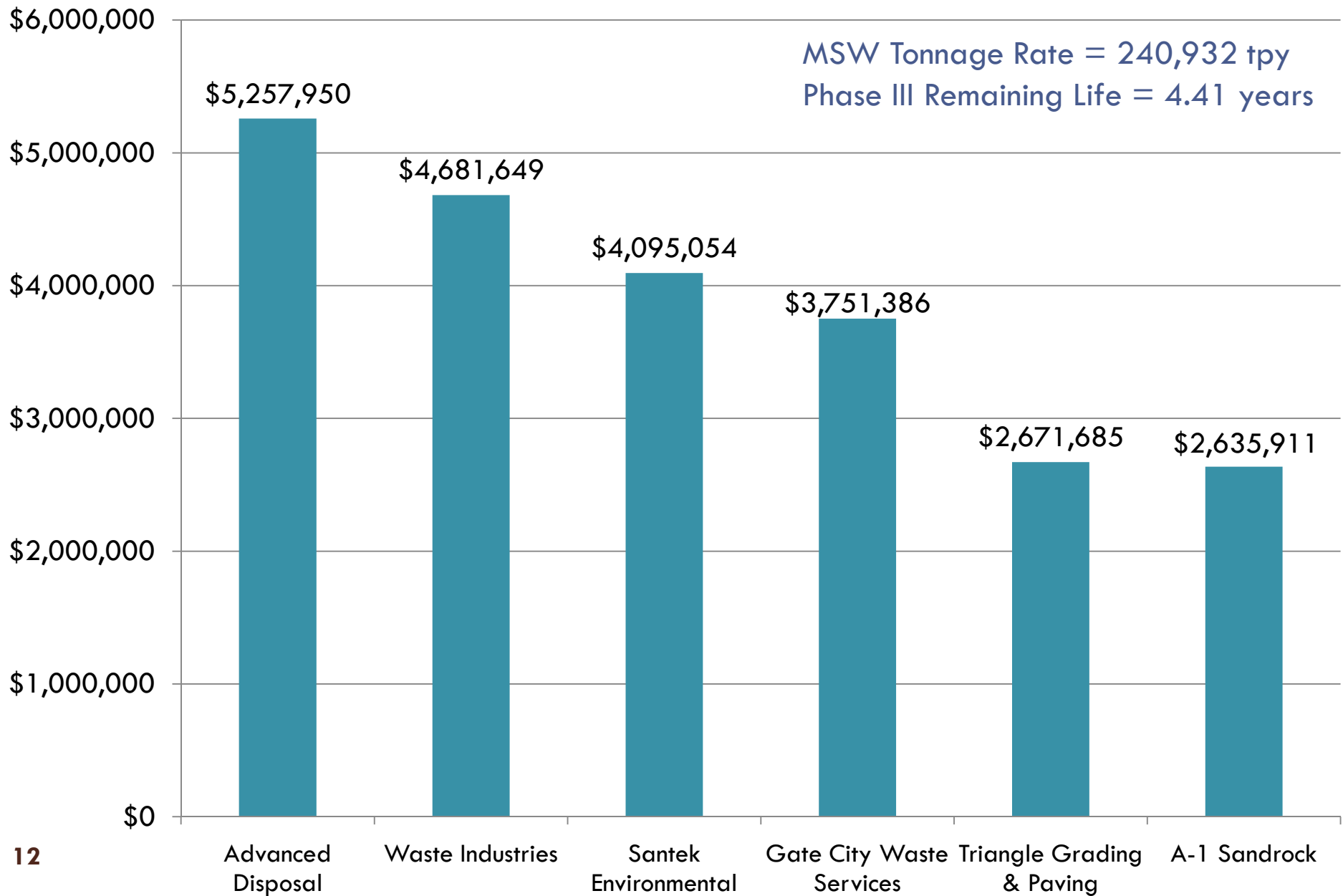
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Scenario B: City Collected-MSW only, All-C&D

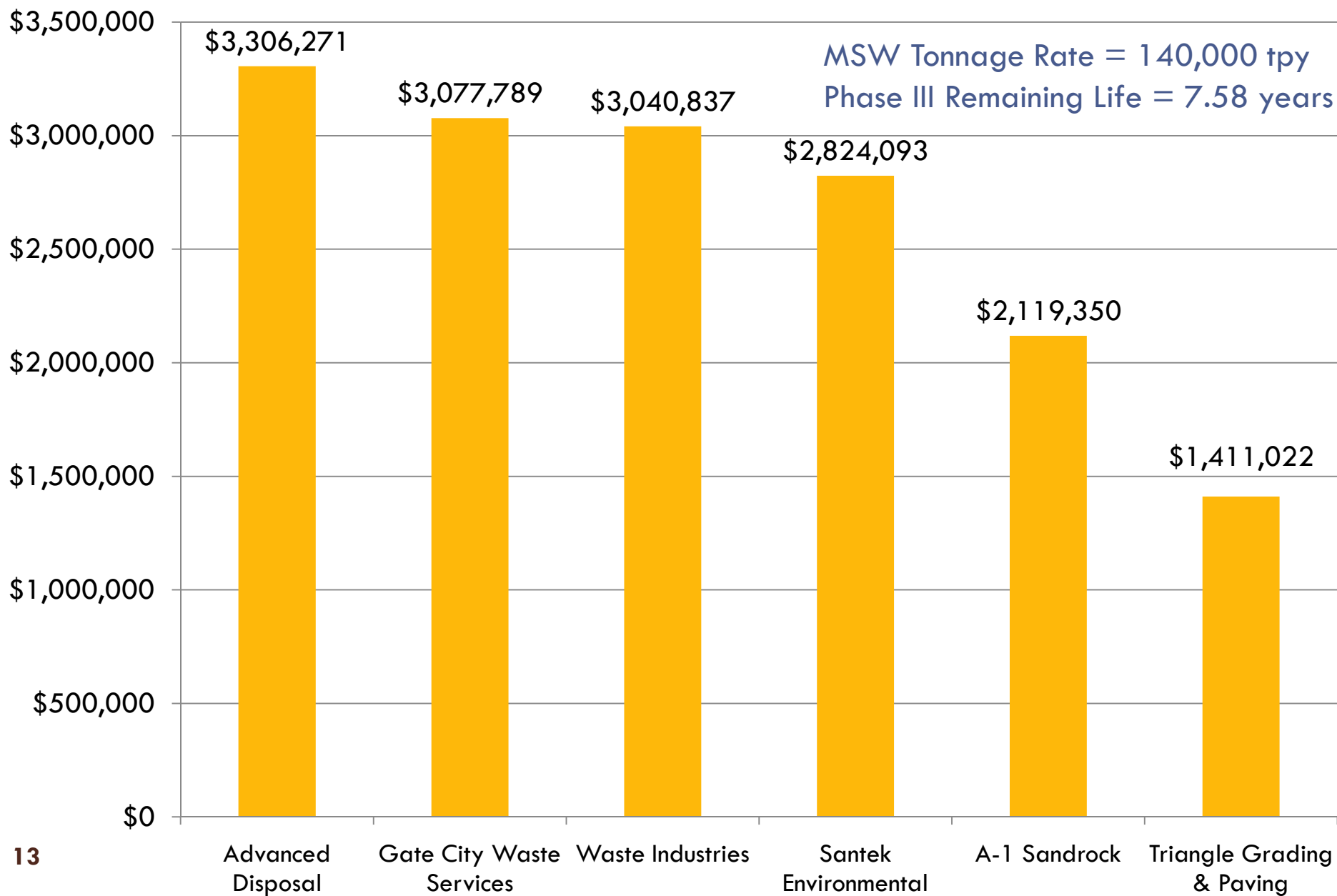
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Scenario A – All-MSW and All-C&D Estimated Annual Net Disposal Cost Savings

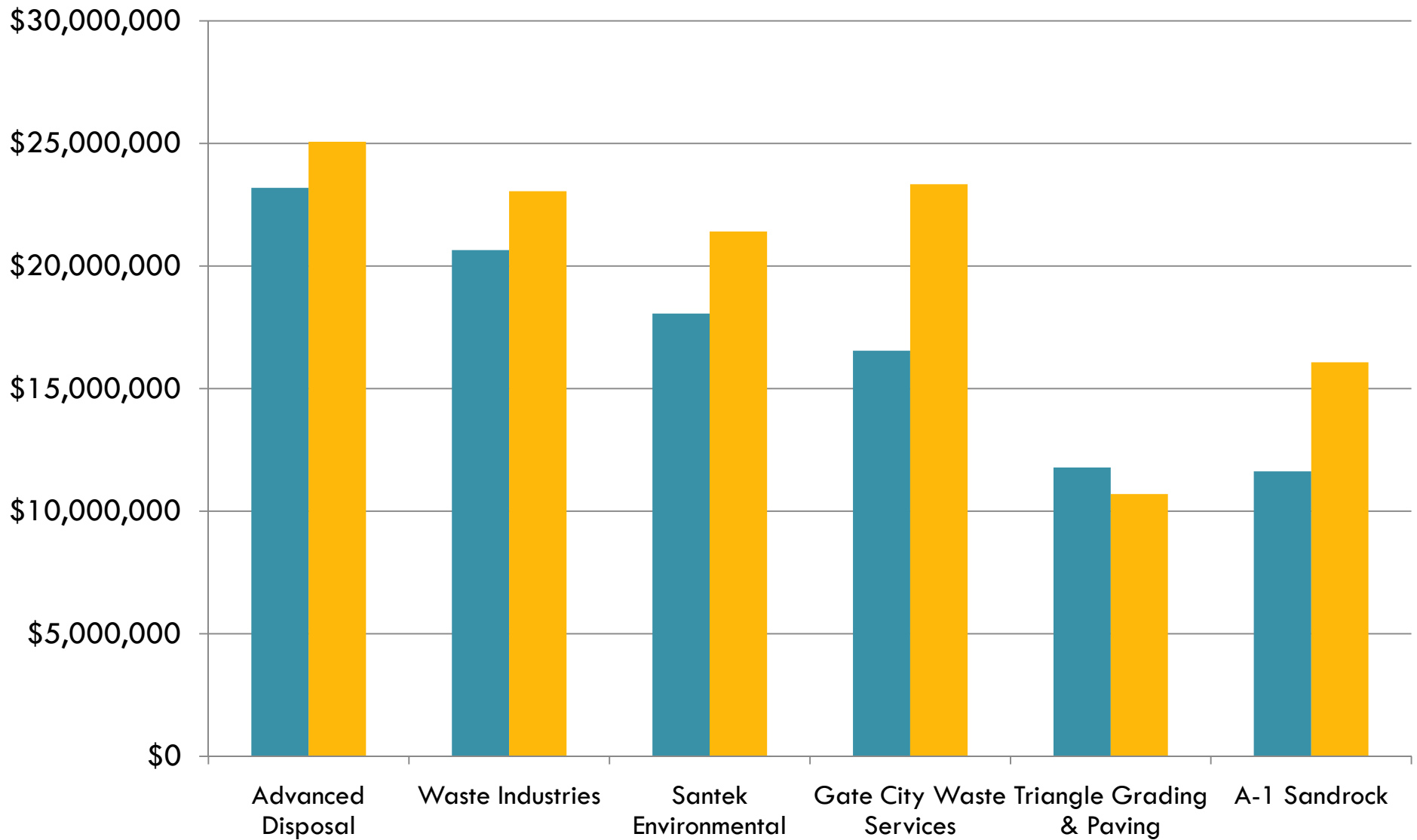
MSW Tonnage Rate = 240,932 tpy
Phase III Remaining Life = 4.41 years



Scenario B – City Collected-MSW only and All-C&D Estimated Annual Net Disposal Cost Savings



Comparison of Scenario A (All-MSW) and Scenario B (City Collected-MSW) Estimated Total Net Cost Savings



■ Total All-MSW Net Disposal Cost Savings (Landfill lasts 4.41 years)

■ Total City Collected-MSW Net Disposal Cost Savings (Landfill lasts 7.58 years)

Key Observations

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- Proposals from Advanced Disposal, Gate City, and Waste Industries were reviewed during the last solicitation and each was deemed to have adequate financial strength, qualifications and experience to perform the requested services
- Santek Environmental manages a number of landfill operations contracts in the southeast and has adequate qualifications and experience to perform the requested services. Santek financial strength has not been reviewed in detail but is expected to be adequate
- A-1 Sandrock and Triangle Grading and Paving did not cite adequate experience related to operating MSW facilities and are the two highest costing proposals

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Questions?